

BETTY T. YEE, BOARD MEMBER STATE BOARD OF EQUALIZATION

Serving the 8.5 million Californians of the First Equalization District, comprised of 21 counties along the northern and central California coast, including the entire San Francisco Bay Area.

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MONTHLY NEWSLETTER

AS BUDGET CUTS DEEPEN, NONPROFIT ORGANIZATIONS FILL THE VOID



To support and promote the amazing work of nonprofit organizations in northern California, I was pleased to host a Community and Faith Based Nonprofit Seminar in Oakland this past November. Over 200 organizations from across the First Equalization District came to learn from tax professionals about how best to maximize the impact they have on their communities.

Recent budget shortfalls across the United States have led lawmakers to approve stark cutbacks to a number of programs aimed at helping underserved communities maintain their basic subsistence and quality of life. During these challenging economic times and especially during the holiday season, individuals and communities in need have relied more and more on the services of nonprofit organizations.

The National Center for Charitable Statistics recently issued its annual report on the state of the nonprofit sector in the U.S., “[The Non Profit Sector in Brief](#).” Did you know:

- Around 1.6 million nonprofits were registered with the Internal Revenue Service (IRS) in 2010 – an increase of 24 percent from 2000?
- Of the 30 types of nonprofit organizations defined by the Internal Revenue Code, 501(c)(3) public charities are far and away the most numerous? Nearly two-thirds of all registered nonprofits in 2010 were public charities, numbering in at just under 1 million.
- The positive economic impact of these organizations is profound. The nonprofit sector contributed \$804.8 billion to the U.S. economy in 2010, making up 5 percent of the nation’s gross domestic product.
- Communities are increasingly putting in more time and money to support community-based organizations? In 2011, private charitable contributions totaled a staggering \$298.42 billion, and 26.8 percent of all adults in the U.S. volunteered time with an organization.

My office is committed to assisting California’s nonprofit and faith-based organizations to fulfill their obligations while remaining financially sustainable. On my website, you can find a [Toolkit for Nonprofit Organizations](#) that offers information on federal and state tax law exemptions, reporting requirements, local resources, grant resources, advocacy resources, and more.

Additionally, the Board of Equalization offers a number of resources aimed at assisting nonprofit organizations in all aspects of their operation. Please visit the BOE Website to find a list of [resources](#).

Thank you to our nonprofit sector for its tremendous service to those in need and to the communities who support them.



To learn more about services provided by the State Board of Equalization, please call my office or visit my web site at:
www.boe.ca.gov/members/yee

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K TO COLLEGE THANKS BOARD MEMBER YEE: LARGEST CHARITABLE SCHOOL SUPPLY PROGRAM ABLE TO SERVE MORE KIDS AND EXPAND INTO PRESCHOOL

It began five years ago at a UC Berkeley fraternity house with a couple laptops, a borrowed 1996 Toyota Tacoma pickup and a few bright minds. With several of his fellow students, Benito Delgado-Olson, the current Director, brainstormed how they could create a charity that would efficiently provide every low-income student with the tangible resources they needed to achieve.

The vision was an innovative business model for a large-scale yet tightly coordinated effort that would partner with school districts to provide a tote bag filled with grade-appropriate school supplies and a dental kit to all disadvantaged K-12 public school students.

The program spread like wildfire. Since 2010, the organization has distributed school and dental supply kits worth an estimated \$14 million to more than 220,000 students in 60 California school districts. Their success is a testament to their business model, built on market power and partnerships, with each \$22 donation providing a needy student with a grade-appropriate \$65-\$70 school supply and dental kit. This is not to say the program has not faced challenges though.

One of those challenges came in May of 2011. After receiving a sales and use tax exemption for programmatic purchases (school and dental supplies and packaging materials) --- more than 90% of the organization's budget --- Mr. Delgado-Olson realized that K to College was

eligible to receive a refund for sales tax paid. Furthermore, if received by its mid-summer purchasing deadline, it could be allocated towards helping thousands of additional students and coupled with other resources, to start planning for an early learning (preschool) kit for underprivileged three- and four-year-olds. The challenge was to request and process an expedited refund claim in time.

With no previous contact, the next day Mr. Delgado-Olson called Board Member Yee's office, explaining the situation and the potential benefit an expedited claim for refund could bring to thousands of homeless and otherwise low-income Bay Area students. Immediately agreeing to help, Ms. Yee's office requested to see K to College's paperwork and assisted by providing technical expertise and facilitating communication between agencies. Streamlining a lengthy process, Ms. Yee's office was instrumental, cutting the turnaround time in half and working with the Controller to issue payment of the refund promptly.

As a direct result, K to College was able to use the funds to conduct outreach to more than 25 additional Bay Area school districts and deliver school supply and dental kits to thousands of additional homeless students. Furthermore, the planning process for the preschool kit moved forward on time, and the first 5,000 kits are currently being distributed to help verifiably low-income



preschoolers across the state, with thousands more planned next year.

Nonprofit organizations often are expected to conduct lean, efficient operations --- in the case of K to College, it is a great source of pride that it is able to do so. The challenges that come with this could heavily tax an organization's human resources. That is when organizations like K to College rely on the assistance of leaders like Board Member Yee to act as liaisons so opportunities are not missed, and in this specific case, tens of thousands of students start the school-year off right.

For more information on K to College, visit www.KtoCollege.org.

TAX RELIEF FOR THOSE AFFECTED BY HURRICANE SANDY

Emergency tax relief is available to business owners and fee payers affected by Hurricane Sandy, in recognition of this devastating storm that took hundreds of lives and caused a tremendous amount of physical and emotional damage. Those submitting **eRelief Requests** can do so easily on the BOE Website. Users can request relief for an extension to file their returns, request relief of penalties and interest, or request replacement copies of records lost to storm damage.

"As millions of Americans affected by this disaster continue the clean up and recovery efforts, the Board of Equalization remains committed to offering relief to businesses and taxpayers along the East Coast," said Ms. Yee. "We are here to help."



WHAT'S NEW AT THE BOE?

SALES AND USE TAX RATE INCREASES JANUARY 1, 2013



Pursuant to voter approval of Proposition 30 in the November general election, the statewide base sales and use tax rate will increase one quarter of one percent (0.25%) on January 1, 2013. The higher tax rate will apply for four years – from January 1, 2013 through December 31, 2016. More information on the [rate increase](#) can be found on the BOE website as well as the new [tax rates for cities and counties](#) effective January 1, 2013.

SALES AND USE TAX GUIDE FOR RESTAURANT OWNERS



The BOE understands that each industry faces different tax law requirements and compliance issues. These issues and requirements often are time-consuming and complicated to understand. To help better understand the tax obligations specific to the dining and beverage industry, the BOE has created an [online guide](#) to assist restaurant owners.

FAIRFIELD BRANCH OFFICE GRAND OPENING



The Board of Equalization has relocated its Suisun City Branch office to Fairfield, where it currently is open for taxpayers. This new location offers on-site taxpayer assistance through one-on-one, face-to-face interaction and/or through self-service kiosks. Celebrating the new office grand

opening in November, Ms. Yee said, "We want to make it easier and more efficient for our taxpayers to transact business with the BOE."

A complete list of [BOE District and Branch Offices](#) can be found on the BOE Website.

UPCOMING BASIC SALES AND USE TAX CLASSES AND EFILE CLINICS

The following Basic Sales and Use Tax classes and eFile clinics are being offered free of charge in the First Equalization District this January.

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| January 3: | Basic Sales and Use Tax Seminar (San Francisco) |
| January 17: | Basic Sales and Use Tax Seminar (Salinas) |
| January 17: | Basic Sales and Use Tax Seminar (Santa Rosa) |
| January 24: | Basic Sales and Use Tax Seminar (Oakland) |
| January 29: | eFile Clinic (Oakland) |
| January 29: | Basic Sales and Use Tax Seminar (Fairfield) |
| January 30: | eFile Clinic (Oakland) |
| January 31: | eFile Clinic (Oakland) |